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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday July 28, 1976 CI NIDC 76-176C

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NATIONAL SECURITY INFORMATION
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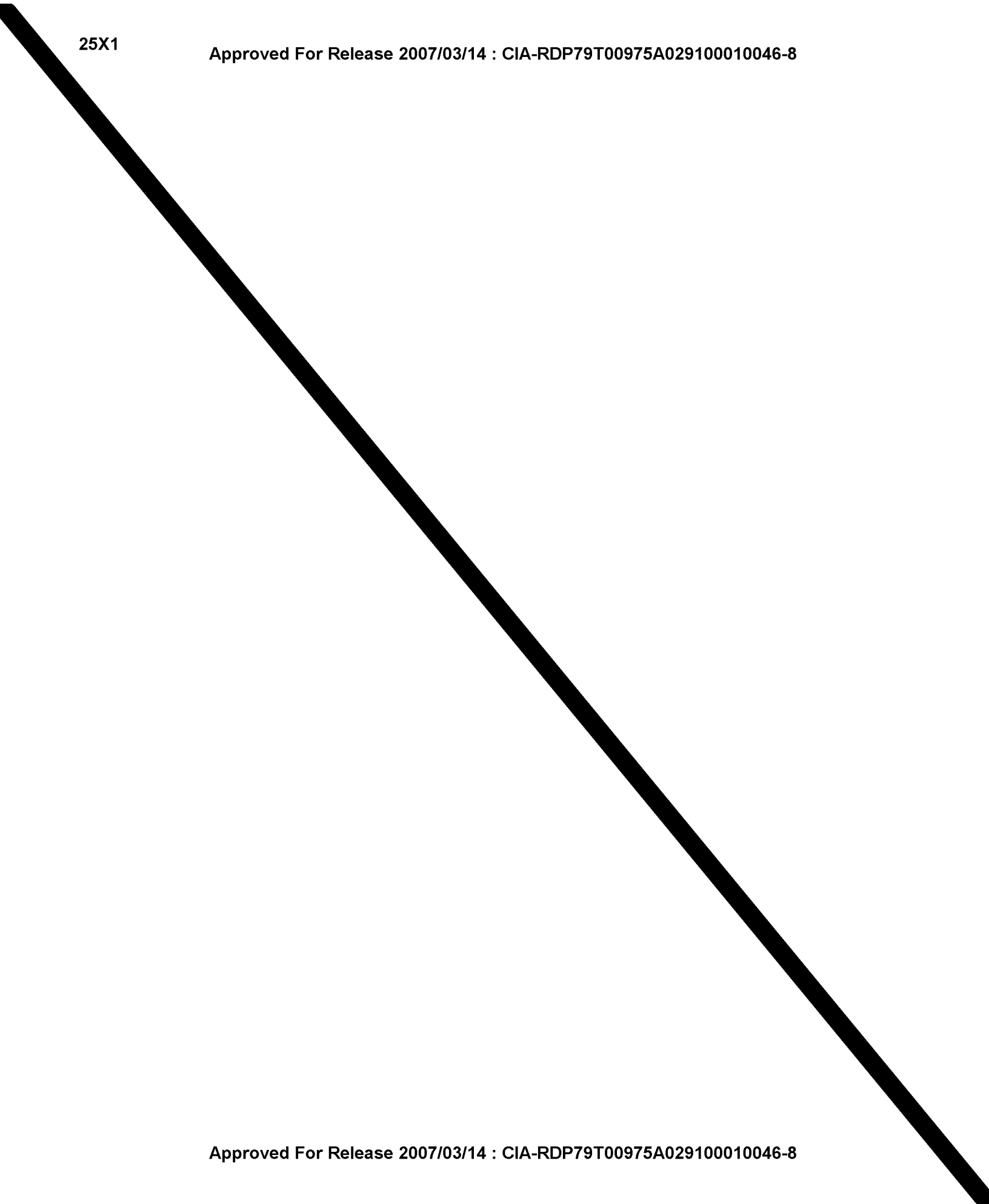

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National Intelligence Daily Cable for Wednesday, July 28, 1976

25X1 The NID Cable is for the purpose of informing senior US officials.

CONTENTS

ITALY: Decision on Government 1

USSR - MIDDLE EAST: Editorial Comment 2

25X6

LEBANON: Situation Report 4

KENYA-UGANDA: Relations 6

RHODESIA: Continuing Guerrilla War 8

25X1

USSR: Americanologists' Visit 10

POLAND: Italians Support Dissidents 10

UK: Spending Cuts 11

HONDURAS - EL SALVADOR: Clashes 12

Approved For Release 2007/03/14 : CIA-RDP79T00975A029100010046-8

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ITALY: Decision on Government

25X1 [redacted] Italy's Christian Democrats yesterday authorized prime minister - designate Andreotti to form a temporary minority government, the survival of which would depend on Communist abstention in parliamentary confidence votes. The Communists have not held such a pivotal role since their ejection from the government in 1947, and have always voted against the government in confidence votes.

25X1 [redacted] Andreotti needs Communist abstention because of his failure during consultations on a new government to win parliamentary support from the Christian Democrats' three traditional governing partners. The Socialists, Social Democrats, and Republicans have all told Andreotti that the most he can expect from them is abstention in a confidence vote.

25X1 [redacted] Given the increased Communist strength in the new parliament, the Christian Democrats could not command the requisite majority of those voting unless the Communists also abstained.

25X1 [redacted] While giving Andreotti the go-ahead, however, the Christian Democratic leadership stopped just short of issuing the explicit appeal for Communist assistance that the Communists had demanded as a condition for their abstention.

25X1 [redacted] What the Communists want, in effect, is a formal admission by the Christian Democrats that Italy cannot be governed without Communist cooperation.

25X1 [redacted] Influential right-wing Christian Democrats opposed such an appeal to the Communists on the grounds that it would blur the distinction between the opposition and the government.

25X1 [redacted] Given the absence of realistic alternatives, Christian Democratic leader Zaccagnini sought yesterday to paper over differences in his party with a formulation that meets the Communists halfway. Rather than appealing to the Communists alone, he called on all parties consulted by Andreotti to "perform a service" by abstaining in a vote of confidence.

25X1 [redacted] The Communists will now have to decide whether Zaccagnini has gone far enough toward meeting their demand. They will probably be persuaded to go along by the increased influence they would acquire and by the Christian Democrats' recent willingness to yield major parliamentary posts to them.

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25X1 Andreotti is drawing up a cabinet and will reportedly be ready to face a confidence vote next week.

USSR - MIDDLE EAST: Editorial Comment

25X1 The Soviets yesterday published in *Pravda* their first authoritative editorial on the Middle East situation in many
25X1 weeks.

According to an embassy summary, the editorial reflected continued Soviet frustration over developments in Lebanon and elsewhere in the Middle East and put the blame for them squarely on the US.

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Israel, as well as the US, was sharply criticized for pursuing "divide-and-conquer" tactics designed to set Arabs against one another and to "artifically delay" an overall Middle East settlement.

25X1 In contrast to other recent Soviet propaganda statements, *Pravda* did not explicitly criticize Syria for its intervention in Lebanon. The editorial lacked any new ideas for resolving the Lebanese crisis or for rescuing the beleaguered Palestinians.

25X1 *Pravda* repeated the standard Soviet call to reconvene the Geneva conference to resolve the Middle East impasse, but the appeal was cast in restrained and moderate terms.

25X1 As a sop to Israel, for example, the editorial omitted the formulation that the PLO should participate at Geneva "from the very beginning." It also endorsed the concept of the "inviolability of border" for all states in the Middle East.

25X1 *Izvestia* also attempted to lay the blame for Soviet troubles in the Middle East at the US doorstep in a lengthy article published on Monday.

25X1 That article portrays Washington's step-by-step diplomacy as designed to isolate and, ultimately, to destroy the Palestinian resistance movement--the only "cement" that holds together the Arabs' "anti-imperialist unity." 25X1

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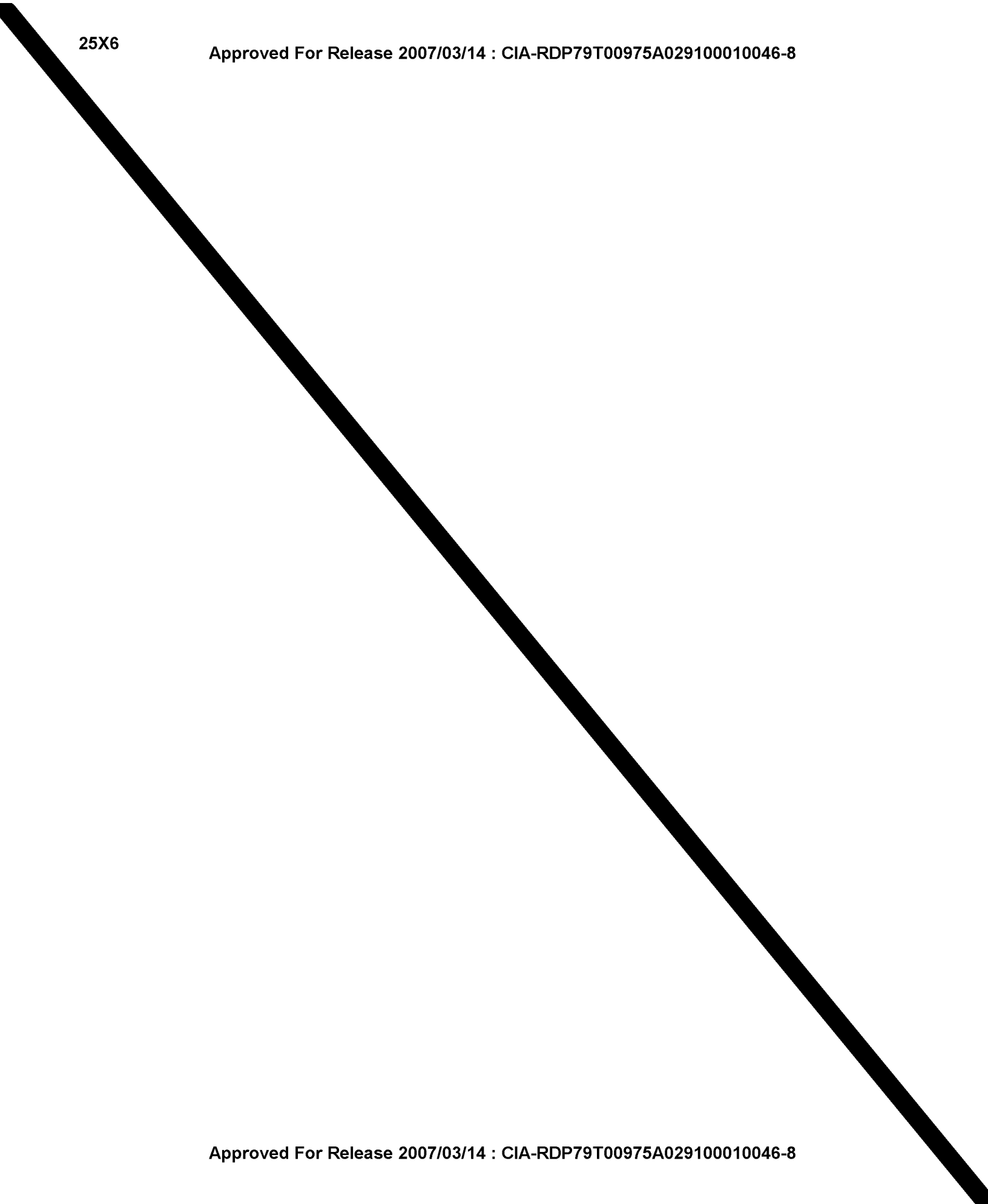

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[redacted]

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LEBANON: Situation Report

25X1 [redacted] //Palestine Liberation Organization representative Qaddumi returned to Beirut yesterday from his talks in Damascus. He will confer with other PLO officials and Lebanese leftist leaders on the terms of a draft agreement worked out with the Syrians.//

25X1 [redacted] As outlined by a leftist radio station in Beirut, the agreement calls for:

--A new cease-fire within one week.

--The establishment of a Syrian-Palestinian-Lebanese committee to supervise the truce.

--The use of Arab League and Syrian forces to enforce the cease-fire.

--The withdrawal of Palestinian forces from the Mount Lebanon area.

--The removal of all heavy weapons from the Palestinian refugee camps and strict adherence to other aspects of the 1969 Cairo agreement--a key sticking point in negotiations until now.

--Roundtable discussions among the warring Lebanese parties under the auspices of president-elect Sarkis.

--The formation of a "national union" cabinet to carry out whatever reforms are agreed upon at the roundtable talks.

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25X1 //The leftists have predictably criticized the accord for failing to include a provision for the withdrawal of Syrian forces from Lebanon, and the PLO leaders appear to be split over whether to accept the terms, which clearly favor Syria.//

25X1 Even if the PLO leaders accept the terms of the agreement, they are likely to have the usual difficulty in getting the more radical fedayeen groups--and possibly even the Lebanese leftists--to go along.

25X1 The Christians have yet to indicate whether they would accept such an agreement.

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25X1 The Christians also seem determined to consolidate their holdings on the ground wherever possible by military means. Fighting increased in the Shiite enclave of Nabaa in eastern Beirut yesterday, and the Christians have also stepped up their offensive against Palestinian-leftist forces holding the Christian villages of Aynturah and Mutayn in the mountains east of the capital.

25X1 The Christians and Syrians also continue to bombard Tripoli, claiming that the Palestinians there have received large quantities of arms from Libya by ship.

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Approved For Release 2007/03/14 : CIA-RDP79T00975A029100010046-8

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KENYA-UGANDA: Relations

[redacted]

25X1 [redacted] According to the press, Kenyan Foreign Minister Waiyaki announced yesterday that Uganda still owes Kenya $50 million for some goods, but that Uganda had in the last few days settled its outstanding debt for oil supplies. He said Kenya would be willing to supply Uganda with petroleum if Kampala would pay cash for it.

25X1 [redacted] The Kenyans had earlier said that Uganda must pay all outstanding debts before any freight deliveries, including oil, could be resumed.

25X1 [redacted] The Kenyan foreign minister, however, firmly stated Kenya's position in the dispute yesterday to a meeting of foreign diplomats in Nairobi, and laid out several preconditions Amin must meet to ease tensions. He called on Amin to remove his troops from the border area, end claims to Kenyan territory, and guarantee the safety of Kenyans in Uganda who apparently have been subject to reprisals.

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25X1 The foreign minister also said Amin must stop confiscating goods bound from Kenya for Rwanda, Burundi, and Zaire.

25X1 A high-level Kenyan official later told a US embassy officer that Nairobi planned to call in all resident Arab ambassadors and "warn" them to stop supporting Amin.

25X1 The foreign minister also announced yesterday that Nairobi was prepared to receive a UN fact-finding mission, had invited OAU Secretary General Eteki to Nairobi to investigate the dispute, and would welcome meetings between Kenyan and Ugandan officials.

25X1 Amin last week called for OAU and UN investigations of the dispute. Eteki, the OAU's chief administrative officer, has little authority in such matters, and any serious mediation would have to be conducted by chiefs of state from member countries.

25X1

25X1 London will announce today its decision to break relations with Uganda. The Callaghan government, which has been under considerable pressure to "do something" in the face of Amin's provocations, had held off the break for two weeks out of concern for the safety of some 500 British citizens remaining in Uganda.//

25X1 //During this period about half of those nationals have left Uganda. Although London recognizes its action might invite retaliation to those UK nationals remaining, British officials believe they are intent on remaining regardless of the consequences.//

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25X1 //Two British diplomats will be attached to the French embassy in Kampala to represent UK interests in Uganda after the break in relations.//

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RHODESIA: Continuing Guerrilla War

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25X1 //The insurgents are active all along the border with Mozambique. There have been a number of black Rhodesian civilian casualties from land mines planted by the guerrillas.//

25X1 //There have been no further reports of guerrilla attacks in northwestern Rhodesia since an incident last week near Victoria Falls on the highway to Bulawayo, and there have been no terrorist incidents in urban areas following the bombings last week in downtown Salisbury.//

25X1 Increasing military manpower requirements caused by the insurgency have apparently forced the government to introduce legislation that would permit drafting blacks into the security forces for the first time. Blacks who are subject to the draft will not necessarily be used to fight the guerrillas but may be assigned to clerical and other non-combat duties in order to release more whites for combat.

25X1 Rapidly rising military costs have compelled the government to take strict measures to ease the growing economic burden of the guerrilla war. The price of ammunition used by the security forces has almost tripled in the past two years, and the cost of arms has risen almost as steeply.

25X1 According to the Rhodesian finance minister, government services will be cut in the areas of transportation, housing, and local government as funds are diverted to the military. The government has recently appointed a special adviser on war supplies whose duties will include ensuring maximum use of local industrial and engineering resources in meeting the needs of the armed forces.

25X1 In an effort to stop the growing exodus of whites from Rhodesia and to preserve foreign currency reserves, the government has reduced by almost 80 percent the amount of money emigrants can take out of the country.

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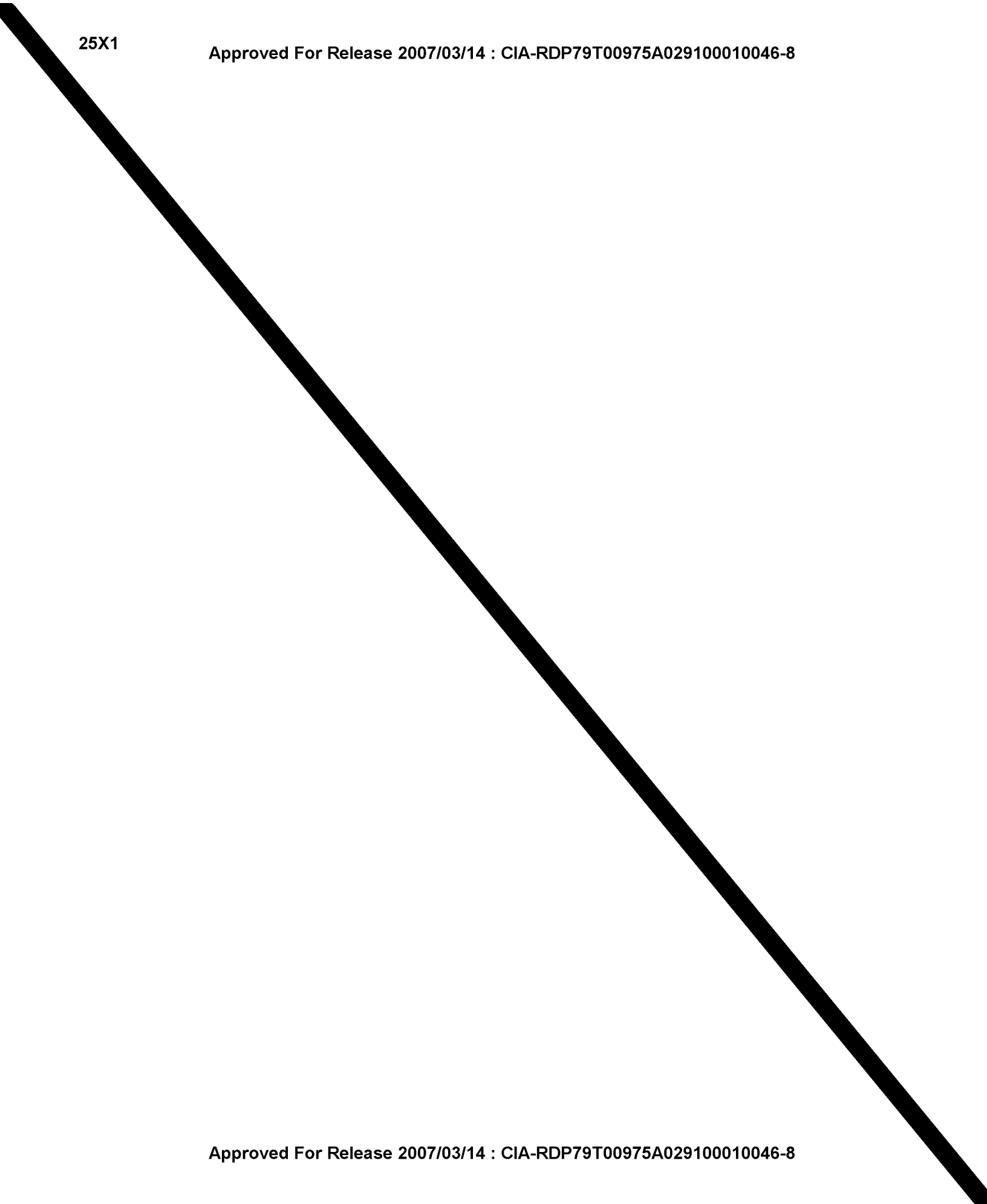

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USSR: Americanologists' Visit

25X1 Several leading officials of the Institute of the USA and Canada have accepted invitations from US scholars and private organizations to visit the US this summer.

25X1 The Soviets will be making their own on-the-scene assessments of the US political situation. The Institute is now preparing a "profile" of Governor Carter and will probably also come up with a forecast of the election results and the possible effects on US policy.

25X1 Institute representatives scheduled to arrive during the next few months include:

--Georgy Arbatov, director, who was here in April for the Dartmouth Conference, is scheduled to pay a return visit this month.

--Valentin Berezhkov, chief editor of the institute's journal and the author of a recently published assessment of President Ford's administration, was invited by the US-based Council of Soviet-American Friendship. He is scheduled to arrive this month for his first visit since 1973.

--Bentsion Milner, head of the Institute's management department, will arrive in August to attend the 36th annual meeting of the Academy of Management in Kansas City--which will be held at the same time the Republican National Convention is meeting there. He last visited the US in 1975.

--Georgy Svyatov, chief of the Institute's Military-Technical Policy Section, will pay his first visit to the US in August or September at the invitation of US scholars. A frequent contributor to the Institute's journal, he specializes in US naval policy and arms control matters. 25X1

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POLAND: Italians Support Dissidents

25X1 Dissident Polish intellectuals last week induced the Italian Communist Party and trade union movement to intercede on behalf of 13 Polish workers convicted for their roles in the June riots in Poland.

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25X1 The Italian response may have been stimulated by an open letter to Italian Communist Party leader Berlinguer that was given to foreign journalists in Poland by Jacek Kuron, a well-known dissident leader.

25X1 Kuron, who was jailed for several years following his participation in youth riots in 1968, has in the last year resumed his dissident activities. The letter reportedly asks the Italian party to protest the "harsh and unjust treatment" of convicted strikers and it also condemns the closed trials.

25X1 Writing to Berlinguer reportedly represents an effort by Polish dissidents to see whether there is any substance to the idea of Eurocommunism. The Italian party probably decided that it could not afford to ignore the appeal without damaging its humanitarian and independent reputation.

25X1 The Italian Communist daily on July 21 reported that the party secretariat had sent a "communication" to the Polish party expressing Italian "concern" over the trials, particularly because of the paucity of information about the trials and the barring of foreign journalists. The Italian party urged the Poles to exercise "moderation and even clemency" in dealing with the convicted. Italy's major trade union federation followed with a "declaration of protest" expressing "profound concern" over the numerous arrests and the trials.

25X1 There has been no public reaction from Polish officials. Kuron, however, has reportedly been summoned to army duty. One report says he will serve in a "special unit" that is usually reserved for disciplinary cases and troublemakers. 25X1

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UK: Spending Cuts

25X1 //Despite criticism from the left and right, the Callaghan government is likely to win parliamentary approval next week for its proposals to cut public spending by $1.8 billion in the fiscal year beginning April 1, 1977.//

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25X1 //Left-wing Laborites are complaining about reductions in welfare benefits and the elimination of over 60,000 public sector jobs. The opposition Tories have called the cuts inadequate, but acknowledged that they were a "step in the right direction." They object to further cuts in military spending.//

25X1 //Chancellor of the Exchequer Healey, however, displayed considerable skill in putting together the package. Cuts were spread over a number of social programs, leaving others untouched.//

25X1 //Prime Minister Callaghan also helped dampen reaction by ordering extensive prior consultations with key groups--Labor members of Parliament, the left-wing Tribune Group, the Labor Party machinery and, most importantly, the government's trade union allies. The spreading of responsibility for the government's actions is in contrast to the autocratic methods of former prime minister Wilson.//

25X1 //Despite this, some 20 to 30 left-wing Laborites will probably abstain--provided the government is in no danger of defeat--when the House of Commons votes on the budget cuts next week. In the unlikely event the Conservatives decide to oppose the cuts rather than abstain, Callaghan will make the matter a vote-of-confidence issue.//

25X1 //Few if any Labor members of Parliament would be willing to desert the government and thus be held responsible for its downfall. The fear of being replaced by a Thatcher-led Conservative administration still carries sufficient weight to keep Laborites in line. 25X1

HONDURAS - EL SALVADOR: Clashes

25X1 The border clashes between Honduras and El Salvador at mid-month were among the most serious since the "Soccer War" of 1969. Mortar and small arms fire was exchanged for several hours at various locations along the disputed border. Two Salvadorans were killed and three Salvadorans and one Honduran were wounded.

25X1 Neither country, however, appears to be preparing for major hostilities.

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25X1 Military reactions by the two countries--border reinforcements and dispersals of aircraft and antiaircraft weapons--have been basically defensive. Contrary to some press reports, there has been no call-up of reserves nor a general alert in either country.

25X1 The Hondurans speculate that the Salvadorans are initiating the incidents to detract from domestic problems. The business-as-usual attitude in San Salvador, however, and straight-forward media treatment of the border problem suggest this is not the case.

25X1 The Honduran and Salvadoran army chiefs of staff met at the border on July 22 and agreed to a new cease-fire, but how long the latest truce holds will be partly a matter of luck.

25X1 There are extremely poor communications in the border areas, and military outposts there are not subject to close control. Activities of smugglers and armed civilians in the disputed regions could lead to new clashes. In addition, both countries have been patrolling the contested areas in contravention of the agreement signed following the brief 1969 war.

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